BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339.	Rulemaking 19-09-009 (Filed September 12, 2019)

OPENING COMMENTS OF ENEL X NORTH AMERICA, INC., ON ORDER INSTITUTING RULEMAKING

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Enel X North America, Inc. ("Enel X") respectfully submits these Opening Comments on Order Instituting Rulemaking ("R.") 19-09-009 filed on September 12, 2019, with a "date of issuance" of September 19, 2019. These Opening Comments are timely filed and served pursuant to the Commission's Rules of Practice and Procedure, including Rule 1.15 (Computation of Time), and Ordering Paragraph 4 of R.19-09-009 (OIR).[1]

I. BACKGROUND

Enel operates in the US and Canada through two divisions: Enel Green Power North America and Enel X. Enel Green Power North America operates around 100 renewable generation plants with a managed capacity of approximately 5.1 GW, including hydropower, wind, geothermal and solar energy. Enel X has around 3,400 business customers, spanning more than 10,400 sites, representing approximately 4.6 GW of demand response capacity and over 20 operational behind-the-meter storage projects. Enel X is revolutionizing the EV charging market with its smart charging solutions deploying around 40,000 charging stations in the US. Enel X's suite of solutions include integrating distributed energy resources, like demand response, energy

[1] B y Ordering Paragraph 4, R.19-09-009 established the due date for these Comments as being "no later than 30 days after the issuance of this order." (R.19-09-009, Ordering Paragraph 4, at p. 15.) The "Date of Issuance" of R.19-09-009 was September 19, 2019, making the 30th day thereafter Saturday, September 19, 2019. By Rule 1.15, because the due date falls on a Saturday "when the Commission offices are closed," the time limit is extended to include the first day thereafter" when the Commission offices are open, which is today, Monday, October 21, 2019.

storage and electric vehicle charging, providing wholesale energy procurement services and consulting, energy intelligence software, and utility bill management services. Enel X can connect its customers with the right energy solutions to meet their budget, risk management, operational, and sustainability goals.

By R.19-09-009, the Commission has commenced a proceeding aimed at "facilitat[ing] the commercialization of microgrids for distribution customers of large electrical corporations" pursuant to Senate Bill (SB) 1339 (Stats. 2018; ch. 566).[2] According to the OIR, the "scope of this proceeding may include all microgrid policy framework issue," including "programs, rules, and rates related to microgrids that will help accomplish the state's broader policy goals."[3] Those goals are identified by the OIR as including, but are not limited to: "(1) reducing greenhouse gas emissions; (2) adapting to the impacts of a changing climate; and (3) protecting the health, safety, and lives of California residents during catastrophic events, such as wildfires, floods, earthquakes, extreme weather, or cyber-attacks."[4] A microgrid pilot program to benefit communities most likely to be affected by public safety power shutoffs (PSPS) may also be considered.[5]

Since Enel X, through its acquired companies, has a long history of providing consumer and grid interfacing energy solutions and for advocating for increased reliance on resources that will contribute toward meeting the State's clean energy and greenhouse gas emissions reductions before the Commission, Enel X can play an important role in helping the Commission to develop an appropriate policy framework to enable microgrids to contribute toward the goal of carbon neutrality and increased resiliency in California. To that end, Enel X intends to be an active

[2] OIR, at pp. 1-2.
[3] *Id*., at p. 2.
[4] *Id*.
[5] *Id*.

participant in this Rulemaking and, by filing these Comments, seeks confirmation of party status pursuant to Rule 1.4(a)(2) and Section 7 of the OIR at page 13. The appearance of record for Enel X is indicated in Section III of these Comments at page 8.

II.
ENEL X COMMENTS ON PRELIMINARY SCOPE FOR R.19-01-011

A. Overview

Enel X is grateful to the Commission for opening this proceeding as microgrids are capable of providing important benefits to California's electricity grid and to consumers in the State, including greater customer resiliency, greater grid resiliency and lower greenhouse gas emissions. This discussion takes on heightened importance in the context of severe wildfire threats and damage as well as PSPS events to prevent the outbreak of wildfires. The Commission has taken action through D.19-09-027 to modify the Self Generator Incentive Program (SGIP) equity budget to be used for wildfire mitigation efforts in disadvantaged communities (DAC). In addition, the legislature passed and the Governor signed Assembly Bill (AB) 1144 (Stats. 2019; ch. 394), which adds Public Utilities (PU) Code Section 379.9 that directs 10% of the SGIP funds toward wildfire mitigation in DAC. These are important efforts to begin to strengthen the grid and protect Californians against widespread outages either as the result of a fire or of a PSPS event.

However, there is clearly more work that needs to be done, especially in light of the recent widespread PSPS in Pacific Gas and Electric Company's (PG&E's) service territory. In that regard, microgrids are important tools in maintaining electricity service to critical infrastructure for a period of time during outages. Microgrids provide a reliability of service, to the location, that compliments utility service and protects sensitive equipment or users from disruption, however brief. In addition, microgrids can support the electricity infrastructure by

protecting against, widespread, cascading outages and can provide some "modularization" to the grid, which will continue to support electricity flow to critical infrastructure on a more targeted basis. This can be completely complimentary to the grid hardening efforts that the utilities are undertaking. There are opportunities to work collaboratively with the utilities in designing grid hardening and/or microgrid projects that provide specified benefits for the grid, in terms of segmenting the grid into smaller modules that have resources to support the grid when PSPS or wildfire events occur or are imminent to prevent cascading outages, if possible.

In addition to these grid segmenting or supporting projects, customers and communities have their own safety and support needs that may not completely align with those of the utility, for purposes of grid support. However, it is also equally possible that some of these projects have overlapping benefits. Customers or communities who invest in microgrids for onsite electricity support for critical facilities, including for personal or public safety concerns, can also provide grid support to portions of the electricity infrastructure, if designed collaboratively. There is the possibility for numerous mutual benefits if these projects are developed in this manner.

The initial scope set for this OIR is relatively broad and inclusive. In its comments below, Enel X focuses on components of the preliminary scope of greatest importance, but reserves the right to comment further on all aspects of the preliminary scope in Reply Comments or at the first Prehearing Conference.

B. Enel X's Comments on the OIR's Preliminary Scope.

Enel X supports the OIR's focus on streamlining microgrid permitting, impact analysis, and interconnection processes.[6] Streamlining and standardizing the permitting and impact analysis should be prioritized. The interconnection process should also be streamlined and

[6] OIR, at pp. 6-8.

coordinated with the Rule 21 process. It is important that projects be evaluated and built with as limited delay as possible, so that these projects can begin to protect consumers and the grid as quickly as possible.

While Enel X supports this streamlining, it does so with a few words of caution. First, each microgrid is going to be unique to reflect the electric system topography and the customer demand/needs. Therefore, the streamlining of protocols and processes must be flexible enough to consider the diversity of proposed projects that are likely to come forward. Second, the Commission must address the difference between the prohibition of a cost shift versus cost recovery that is associated with providing a valued service to the grid. All projects that provide a service to the grid, in the form of increased resiliency, benefit more than the project owner/operator or the specific location of the project. Cost recovery due to cost causation is not a cost shift if there are commensurate benefits enjoyed by many customers as a result of the project.

Issue 7 of the OIR states that the development of policies and protocols do not prohibit a utility from owning a microgrid.[7] The proceeding should consider all forms of ownership and control; however, this area should be carefully examined to ensure that utility participation in a developing market do not unduly constrain competition by other providers.

In this regard, encouraging competitive processes, to the fullest extent, will ensure that the best and most cost effective projects come forward. For customer-driven projects, that may also provide grid benefits, it is more likely that these projects will be customer or third-party owned. For grid hardening projects that are driven by the utilities, Enel X proposes that the Commission adopt the same process that is used in the Distribution Planning Rulemaking (R.14-08-013) for project selection.

[7] OIR, at p. 7.

In other words, the utilities will disclose the types of microgrid projects that are needed for grid hardening, including the utilities' cost to do it. Then, the utility will conduct a solicitation for competitive bids and select the most viable, cost-effective bid, and earn an increased return on the contract. If the bids are not as cost effective and viable as the utility, the utility will build it.

The OIR has defined microgrid pursuant to Senate Bill (SB) 1339 (PU Code § 8370(d)).[8] However, because there are so many projects that are being developed that integrate multiple technologies on site, it would be helpful to understand what is and is not included in this definition. Clearly, not all projects are being designed with this rulemaking in mind.

While it is important to coordinate with other on-going proceedings, Enel X recommends that the focus of this proceeding stay focused on microgrids and the speedy resolution of the issues associated with microgrids. Speed to the market is extremely important, given the stakes of public safety and lost economic value due to PSPS events. Enel X recommends phasing the proceeding to allow for issuance of Commission decisions on each phase, with a final overall decision issued by the end of 2020.

C. Enel X's Proposed Issues to be Added to the Scope of this OIR.

Enel X proposes the following issues be added and included in the scope of this OIR:

1. Consideration should be given to allowing multiple revenue streams to be utilized to support the development of the microgrid consistent with the Multiple Use Analysis. Since microgrids have the ability to provide multiple types of services, like demand charge management, demand reduction, grid support, and electricity injection, the Commission should permit these uses and access to revenue when not being reserved for PSPS or wildfire support. Utilization of assets for onsite value as well as grid value

[8] OIR, at p. 1.

should be permitted, so long as the provision of grid value is prioritized. Important to this issue is the ability of microgrids to export to the grid.

2. The OIR does not discuss, but should include in its scope consideration of resource adequacy (RA) as a value that microgrids could provide. It is important to understand whether microgrids would qualify for RA and how they would count. The issue of hybrid resources has been raised in the R.17-09-020 (RA), but is currently unresolved. The issue of hybrid resources is also active in a CAISO Stakeholder Processes. This issue of whether and how microgrids will count for resource adequacy is an important part of the revenue and financing analysis of the equation.

3. The OIR should also consider the value of resiliency. Currently, there is no value associated with resiliency, and resource adequacy does not reflect a resiliency value either. In light of the fact that the estimated economic impact of the PG&E PSPS Event is at least $1 Billion, it is clear that resiliency has a value that is not being quantified yet. It is clearly important to explore and include that issue in this OIR.

4. Enel X would like to see a competitive process for microgrid solicitations and, only to the extent that the competitive process fails, should we default to utility ownership/operation of microgrids. Some providers may be perfectly happy to sell their microgrids to the utility to own and operate; however, the solicitation process should be competitive to ensure that the best technologies and constructs are being considered.

5. There is more to the physical operation of microgrids than the distributed energy resources (DER) hardware components themselves. In order to optimize these technologies, it is important to have a software operating system that will take into consideration the onsite needs and the grid needs and dispatch and manage the assets to the greatest benefit of the grid and the customers. Operating systems and software are critical parts of microgrids and should be included in the scope of this OIR.

III.
CONCLUSION

Enel X appreciates this opportunity to provide these Opening Comments on the preliminary scope of 19-09-009 (OIR). In addition, pursuant to Rule 1.4(a)(2)) of the

Commission's Rules of Practice and Procedure and Section 7 of R.19-01-011, by filing these responsive comments, Enel X requests confirmation of its party status, as provided in R.19-09-009, with the following individual to be listed as the appearance for Enel X on the Party Service List for R.19-09-009

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Respectfully submitted,

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